



Foreign Agricultural Service

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## **Brazil**

## **Grain and Feed**

## **Update for June Lockup**

## **2002**

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### **Report Highlights:**

**Post raised the 2002/03 wheat production forecast to to 3.6 million tons, due to uncertainty in Argentina, high wheat prices, and the Government's program to stimulate production. Post lowered the 2001/02 corn production forecast, due to a damaging drought in the Center-South.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Brasilia [BR1], BR

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## Wheat

Argentina and its rising wheat prices, grain export taxes, and economic uncertainty are causing concern among Brazilian wheat millers, who depend on their southern neighbor for the majority of their import needs. Brazilian millers requested a temporary lifting of the Common Export Tariff (TEC) of 11.5% in order to facilitate imports from alternative suppliers and prevent a supply shortage. The request was denied, largely due to political concerns that it would exacerbate the crisis in Argentina. Sindustrigo (the state of Sao Paulo's wheat industry syndicate) has recommended that the Brazilian government permit wheat imports from non-traditional suppliers, such as the EU, Eastern Europe, and Australia, by allowing these nations to bypass the required pest risk assessments. The Ministry of Agriculture is considering the request.

Brazilian millers are also concerned with efforts by Argentina to avoid the 20 percent grain export tax by exporting "premix" to Brazil. "Premix" is a mixture prepared for bread making, and faces an export tax of 5 percent. However, Argentina is simply exporting flour with added salt under the name "premix" to avoid the higher taxation.

Post raised the 2002/03 wheat production forecast to 3.6 million tons, due to high prices, uncertainty in Argentina, and the Brazilian Ministry of Agriculture, Livestock and Food Supply's (MAPA) program to expand domestic wheat production with higher and differentiated minimum prices for wheat. Wheat area in the center-west is expected to increase 55 percent, including a jump to 30,000 hectares of irrigated wheat production. Wheat area in Brazil is forecast to jump 13 percent to 1.95 million hectares in 2002/03.

**Wheat PS&D**

PSD Table						
Country	Brazil					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	1468	1468	1587	1710	1850	1947
Beginning Stocks	1250	932	700	130	800	424
Production	1660	1658	3000	3194	3000	3600
TOTAL Mkt. Yr. Imports	7289	7610	6700	7200	6500	6500
Jul-Jun Imports	7518	7610	6700	7200	6500	6500
Jul-Jun Import U.S.	53	100	0	110	0	300
TOTAL SUPPLY	10199	10200	10400	10524	10300	10524
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	200	500	200	200	200	200
TOTAL Dom. Consumption	9499	10070	9600	10100	9700	10200
Ending Stocks	700	130	800	424	600	324
TOTAL DISTRIBUTION	10199	10200	10400	10524	10300	10524

## Corn

A drought in the center-south is causing significant damage to the corn safrinha, with production losses in Parana and Mato Grosso do Sul estimated at 32.5 percent and 28.7 percent, respectively. Due to the drought and heat damage to the safrinha, post lowered the 2001/02 corn production forecast to 36 million tons. Post also lowered the corn consumption forecast as high prices and lower supply are expected to dampen growth in consumption.

### Corn PS&D

PSD Table						
Country	Brazil					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		04/2001		04/2002		04/2003
Area Harvested	12972	12972	12000	12310	13000	12550
Beginning Stocks	600	1322	1606	1329	1131	629
Production	41536	41536	35000	36000	38500	38500
TOTAL Mkt. Yr. Imports	293	625	525	1100	525	600
Oct-Sep Imports	671	600	500	1100	500	600
Oct-Sep Import U.S.	16	50	0	50	0	0
TOTAL SUPPLY	42429	43483	37131	38429	40156	39729
TOTAL Mkt. Yr. Exports	6323	5918	500	1500	1500	800
Oct-Sep Exports	3741	4000	3500	3500	1500	800
Feed Dom. Consumption	30500	32000	31500	34000	33500	34000
TOTAL Dom. Consumption	34500	36236	35500	36300	37500	37000
Ending Stocks	1606	1329	1131	629	1156	1929
TOTAL DISTRIBUTION	42429	43483	37131	38429	40156	39729

## Rice

There are no changes in the rice PS&D.

Brazilian rice growers have lobbying the Government to increase the Common Export tariff (TEC) to 35 percent for rice imported outside of Mercosul. They fear that higher domestic rice prices may attract imports from the United States or Thailand. In response to the new US Farm Bill, Brazilian rice producers are arguing that they need the higher TEC to protect them from "unfair competition from subsidizing producers." At this point, we have no indication that the government will increase the TEC.

### Rice PS&D

PSD Table						
Country	Brazil					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		04/2001		04/2002		04/2003
Area Harvested	3250	3250	3407	3407	0	3407
Beginning Stocks	1513	1363	1327	1110	1449	1116
Milled Production	7062	7062	7480	7480	0	7480
Rough Production	10385	10385	11000	11000	0	11000
MILLING RATE (.9999)	6800	6800	6800	6800	0	6800
TOTAL Imports	730	663	625	618	0	600
Jan-Dec Imports	673	663	600	618	0	600
Jan-Dec Import U.S.	0	2	0	0	0	0
TOTAL SUPPLY	9305	9088	9432	9208	1449	9196
TOTAL Exports	22	22	25	136	0	50
Jan-Dec Exports	22	22	25	136	0	50
TOTAL Dom. Consumption	7956	7956	7958	7956	0	7956
Ending Stocks	1327	1110	1449	1116	0	1190
TOTAL DISTRIBUTION	9305	9088	9432	9208	0	9196